

Notes to the Financial Statements

1. The Company

Actelion Ltd was incorporated on December 23, 1999 as Actelion Holding Ltd through contribution-in-kind of 93.67% of the shares of Actelion Pharmaceuticals Ltd, Allschwil (formerly Actelion Ltd), and 70% of the shares of Hesperion Ltd, Allschwil.

2. Accounting principles

The financial statements of Actelion Ltd have been prepared in accordance with the accounting principles as prescribed by Swiss Company Law.

3. Material Investments

Company	Business	Location	Nominal capital in local currency	Interest capital
Actelion Pharmaceuticals Ltd	Research, development, production and commercialization of pharmaceutical products	Allschwil Switzerland	100,00 CHF	100%
Actelion Pharmaceuticals US, Inc.	Commercialization of pharmaceutical products	South San Francisco, United States	2,005,000 USD	100%
Actelion Pharmaceuticals France SAS	Commercialization of pharmaceutical products	Paris, France	200,000 EUR	100%
Actelion Pharmaceuticals GmbH	Commercialization of pharmaceutical products	Freiburg i. Br., Germany	50,000 DEM	100%
Actelion Pharmaceuticals Italia Srl	Commercialization of pharmaceutical products	Imperia, Italy	15,000 EUR	100%
Actelion Registration Ltd	Commercialization of pharmaceutical products	London, United Kingdom	N/A	100%
Hesperion Ltd	Clinical research	Allschwil, Switzerland	120,000 CHF	64%
Axovan Ltd	Research	Allschwil, Switzerland	425,000 CHF	26%

4. Conditional capital

Since inception the Company has created conditional capital for the establishment of stock option plans as well as for the potential issuance of shares in relation with certain credit facilities. At December 31, 2000 the Company has conditional capital of CHF 12,314,700.

Movements in conditional capital are as follows [in CHF]:

January 1, 1999	6,300,000
Creation of conditional capital for Employee Stock Option Plans	1,800,000
Creation of conditional capital for BKB Stock Warrant	453,000
December 31, 1999	8,553,000
January 1, 2000	8,553,000
Creation of conditional capital for Genentech credit facility	2,100,000
Creation of conditional capital for Employee Stock Option Plans	3,000,000
Exercise of options and warrant	-1,338,300
December 31, 2000	12,314,700

5. Significant shareholders at December 31, 2000

According to the information available to the Board of Directors the following shareholders held shares entitling them to more than 5% of the total voting rights:

Name and share capital	Percentage of voting rights
Management and Directors	14.30%
Atlas Venture Fund III L.P.	7.88%
TVM Technoventure Management III GmbH & Co. KG	6.16%

Proposed Appropriation of Available Earnings

	2000
Available earnings	
Retained earnings at the beginning of the year	—
Net income for the year	2,171,498
Total available earnings	2,171,498
Appropriation to general legal reserve	(110,000)
Balance to be carried forward	2,061,498